

BEFORE THE
TENNESSEE STATE BOARD OF EQUALIZATION

In Re: Willie J. Thomas)
Map 018-11-0, Parcel 8) Davidson County
Residential Property)
Tax year 2005)

INITIAL DECISION AND ORDER

Statement of the Case

The Metropolitan Board of Equalization (“county board”) has valued the subject property for tax purposes as follows:

LAND VALUE	IMPROVEMENT VALUE	TOTAL VALUE	ASSESSMENT
\$30,800	\$243,000	\$273,800	\$68,450

On September 26, 2005, the property owner filed an appeal with the State Board of Equalization ("State Board").

The undersigned administrative judge conducted a hearing of this matter on May 17, 2006 in Nashville. In attendance at the hearing were the appellant Willie J. Thomas and Davidson County Property Assessor's representative Jason Poling.

Findings of Fact and Conclusions of Law

The subject property consists of a single-family brick residence located at 213 Engel Avenue in Goodlettsville. Built about 20 years ago on a nearly one-acre lot, this home was described by Mr. Thomas as the largest in the immediate vicinity.

In 2005, a year of reappraisal in Davidson County, the valuation of the property in question rose from \$208,000 to \$273,800 – a 31.6% increase. By contrast, the appellant lamented, the average increase experienced by other property owners on his block was approximately 10%. He estimated the subject property's value as of the January 1, 2005 reappraisal date by multiplying the prior (2001—2004) appraised value by a factor of 1.10.

Tenn. Code Ann. section 67-5-601(a) provides (in relevant part) that “[t]he value of all property shall be ascertained from the evidence of its sound, intrinsic and immediate value, for purposes of sale between a willing seller and a willing buyer without consideration of speculative values....”

Since the taxpayer seeks to change the present valuation of the subject property, he has the burden of proof in this administrative proceeding. State Board Rule 0600-1-.11(1).

Respectfully, after reviewing all the evidence of record, the administrative judge finds insufficient grounds for reduction of the value established by the county board.

Taxpayers who are notified of an increase in the valuation of their property as a result of a county-wide reappraisal often focus on: (a) the amount or percentage of the increase; and/or (b) how that amount or percentage compares with other properties in the neighborhood or the

county as a whole. While recognizing this common tendency, the State Board has historically confined its review of a disputed assessment to the question of whether it accurately reflects the *market value* of the property under appeal. Decisions of the State Board have repeatedly held that the degree of increase in an appraisal of property for tax purposes is irrelevant to a determination of such property's market value. For example, in the appeal of E. B. Kissell, Jr. (Shelby County, Tax Years 1991 & 1992, Final Decision and Order, June 29, 1993), the Assessment Appeals Commission declared that:

The rate of increase in the assessment of the subject property since the last reappraisal or even last year may be alarming but is not evidence that the value is wrong. It is conceivable that values may change dramatically for some properties, even over...a year.

Id. at p. 2.

This observation is especially germane in the case of an area where, as here, homes differ significantly in size and other important characteristics. Further, given the inevitable imperfections of mass appraisal systems, it is possible that in the previous (2001) reappraisal: (a) the subject property was *undervalued*; and/or (b) some neighboring properties were *overvalued*.

Order

It is, therefore, ORDERED that the following values be adopted for tax year 2005:

LAND VALUE	IMPROVEMENT VALUE	TOTAL VALUE	ASSESSMENT
\$30,800	\$243,000	\$273,800	\$68,450

Pursuant to the Uniform Administrative Procedures Act, Tenn. Code Ann. §§ 4-5-301—325, Tenn. Code Ann. § 67-5-1501, and the Rules of Contested Case Procedure of the State Board of Equalization, the parties are advised of the following remedies:

1. A party may appeal this decision and order to the Assessment Appeals Commission pursuant to Tenn. Code Ann. § 67-5-1501 and Rule 0600-1-.12 of the Contested Case Procedures of the State Board of Equalization. Tennessee Code Annotated § 67-5-1501(c) provides that an appeal “**must be filed within thirty (30) days from the date the initial decision is sent.**” Rule 0600-1-.12 of the Contested Case Procedures of the State Board of Equalization provides that the appeal be filed with the Executive Secretary of the State Board and that the appeal “**identify the allegedly erroneous finding(s) of fact and/or conclusion(s) of law in the initial order**”; or
2. A party may petition for reconsideration of this decision and order pursuant to Tenn. Code Ann. § 4-5-317 within fifteen (15) days of the entry of the order. The petition for reconsideration must state the specific grounds upon which relief is requested. The filing of a petition for reconsideration is not a prerequisite for seeking administrative or judicial review.

This order does not become final until an official certificate is issued by the Assessment Appeals Commission. Official certificates are normally issued seventy-five (75) days after the entry of the initial decision and order if no party has appealed.

ENTERED this 7th day of June, 2006.

PETE LOESCH
ADMINISTRATIVE JUDGE
TENNESSEE DEPARTMENT OF STATE
ADMINISTRATIVE PROCEDURES DIVISION

cc: Willie J. Thomas
Jo Ann North, Davidson County Assessor of Property

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